Naval Audit Service

Audit Report

Risk Management Information System Acquisition

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N2009-0043
28 August 2009

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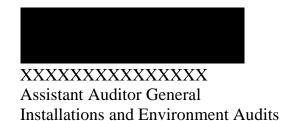
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MEMORANDUM FOR ASSISTANT SECRETARY OF THE NAVY
(INSTALLATIONS AND ENVIRONMENT)
DEPUTY CHIEF OF NAVAL OPERATIONS (N4)

Subj: **RISK MANAGEMENT INFORMATION SYSTEM ACQUISITION (AUDIT REPORT N2009-0043)**

Ref: (a) NAVAUDSVC memo N2009-NIA000-0066.000, dated 30 January 2009
(b) SECNAV Instruction 7510.7F, "Department of the Navy Internal Audit"

1. This report provides results of the subject audit announced in reference (a). Section A of this report provides our finds and recommendations, summarized management responses, and our comments on the responses. Section B provides the status of the recommendations. The full text of management responses is included in the Appendix.

2. Actions taken by Assistant Secretary of the Navy (ASN) (Installations and Environment) (I&E) meet the intent of Recommendation 1, and the recommendation is closed. Actions planned by Deputy Chief of Naval Operations (DCNO (N4)) meet the intent of Recommendation 2. This recommendation is considered open pending completion of the planned corrective actions, and is subject to monitoring in accordance with reference (b). Management should provide a written status report on the recommendations within 30 days after target completion dates. Please provide all correspondence to the Assistant Auditor General for Installations and Environment Audits, XXXXXXXXXXX, by e-mail at XXXXXXXXXXXXXXXXXXXXXXXX, with a copy to the Director, Policy and Oversight, XXXXXXXXXXXXXXX, by e-mail at XXXXXXXXXXXXXXXXX. Please submit correspondence in electronic format (Microsoft Word or Adobe Acrobat file), and ensure that it is on letterhead and includes a scanned signature.

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3. Any request for this report under the Freedom of Information Act must be approved by the Auditor General of the Navy as required by reference (b). This audit report is also subject to followup in accordance with reference (b).

Subj: **RISK MANAGEMENT INFORMATION SYSTEM ACQUISITION (AUDIT
REPORT N2009-0043)**

4. We appreciate the cooperation and courtesies extended to our auditors.

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XXXXXXXXXXXXXXXX
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Installations and Environment Audits

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Table of Contents

Executive Summary

Overview

Safety is a high priority of the Secretary of the Navy, Vice Chief of Naval Operations, and Assistant Commandant of the Marine Corps.

Each year, the Department of the Navy (DON) issues its objectives, which focus on key efforts intended to help maintain a capable Navy and Marine Corps. On 23 August 2006, the Secretary of the Navy distributed a memorandum detailing DON objectives for Fiscal Year (FY) 2007 and beyond. The memorandum identified the need to "Deploy a DON-Wide Web based Risk Management Information System (RMIS) that will facilitate unit-level safety program management and provide aggregate reporting, analysis and tracking of all reportable hazards and mishaps." In addition, the DON Objectives for FYs 2004, 2005, and 2006 included a goal to accomplish a "reduction in mishaps…" Although a DON-wide RMIS was initially identified as a DON FY 2007 Objective, it subsequently reappeared as an FY 2008 Objective. The leads for accomplishing the establishment of a DON-wide RMIS are the Assistant Secretary of the Navy (ASN) (Installations and Environment (I&E)), Chief of Naval Operations (CNO), and Commandant of the Marine Corps. Further, the DON's Safety Vision for 2009 and beyond represents an overarching framework for commands to implement, track, and refine unit-level safety culture.

DON does not have a single online management information system employed to integrate and report all critical safety functional data, such as mishap/injury reporting, near-miss reporting, job hazard analysis, fire inspections/protection management, private motor vehicle management, safety inspections, industrial hygiene, trend analysis, and safety training. Currently, within DON, about 26 independent safety applications are used to meet their safety reporting needs. Also, DON is unable to accurately collect, analyze, and consistently provide timely data related to reportable workplace/operational mishaps and hazards.

Since FY 2007, the Naval Audit Service has identified problems with mishap reporting and information management constraints. In February 2006, the Deputy Assistant Secretary of the Navy for Safety (DASN (Safety)) requested an audit of the DON ergonomics program implementation across DON commands and installations. The results of that audit were published in Naval Audit Service report N2007-0055, "Implementation of the Department of the Navy Ergonomics Program," 21 September 2007. In that report, we concluded that DON installations needed to

improve their identification, reporting, and analysis of ergonomics-related mishaps. We also concluded that many ergonomics mishaps were not being reported in the DON Web Enabled Safety System (WESS) due to a number of factors, including training issues and data entry problems. For example, based on activity input to WESS, Commander, Naval Safety Center (COMNAVSAFECEN) reported through the "Navy FY 2005 Annual Report to Occupational Safety and Health Administration (OSHA)" 16 ergonomics injuries; 1,577 sprains and strains; 184 injuries to muscles, tendons, and ligaments; and about 57 back injuries, for a total of 1,834 civilian work-related injuries in FYs 2004 and 2005. In contrast to the injuries/illnesses reported by COMNAVSAFECEN, the Bureau of Medicine and Surgery's Occupational Medicine indicator metrics diagnosed about 5,763 Navy civilian and military Work-Related Musculoskeletal Disorders at Navy hospitals and clinics in FYs 2004 and 2005. Most of the Bureau of Medicine and Surgery's Work-Related Musculoskeletal Disorders metrics were not reported in WESS. Also, WESS does not allow for the clear identification or categorization of injuries. As a result, DON activities were not able to use WESS to determine an accurate number of injuries and conduct analysis to identify illness and injury trends or identify the root causes of injuries.

Additionally, in Naval Audit Service report N2008-0036, "Navy High-Risk Training Mishap Reporting and Oversight at Selected Activities," dated 27 May 2008, we reported that we could not determine whether High Risk Training (HRT) mishap reporting data was accurate because COMNAVSAFECEN was not able to provide HRT-specific data from WESS. We also determined that general mishap data was not accurate because mishaps reported by Naval Education and Training Command activities did not match those reported in WESS. Specifically, the reviewed activities informed us that in FYs 2005 and 2006 they input 427 general mishaps into WESS, but we found WESS only reported 274; of these 274, only 197 mishaps matched those reported by the activities. This report concluded that the absence of a WESS reconciliation process between field-level mishap data and the WESS database and a lack of training permitted these discrepancies to exist.

Also, during our ongoing audit of the Reporting of Safety Mishaps (scheduled to be published later this year), it was determined that DON WESS data did not match data in the Navy and Marine Corps Public Health Center (NMCPHC). The audit team obtained FY 2006 through May 2008 inpatient medical treatment data for active duty Navy personnel from NMCPHC and FY 2006 through FY 2008 mishap data from the Navy Safety Center WESS database. The NMCPHC medical treatment data was used to identify potential reportable mishap-related personnel injuries. By comparing the medical treatment data from NMCPHC to the WESS class B and C mishap data, they found that about 87 percent of the potential mishap-related injuries reported in NMCPHC could not be matched to what was reported in WESS, due at least in part to WESS not containing valid or complete Social Security numbers.

We conducted our audit during the period 17 September 2008 to 14 July 2009. Conditions noted existed as of 31 March 2009.

Reason for Audit

The objective of the audit was to verify that the RMIS acquisition process is efficient and effective.

This audit was requested by the DASN (Safety) to satisfy a DON FY 2008 and beyond objective to "Deploy a DON-Wide web based RMIS that will facilitate unit-level safety program management and provide aggregate reporting, analysis and tracking of all reportable hazards and mishaps."

Noteworthy Accomplishments

We determined that the key stakeholders met on 22 October 2008, or about 3 weeks after our initial audit work began, to discuss roles and responsibilities related to a DON-wide RMIS acquisition.

We recognize that Deputy Chief of Naval Operations for Fleet Readiness and Logistics – (DCNO (N4)) did not accept a resource sponsor role for a DON-wide RMIS until 22 October 2008, since safety does not fit cleanly into a typical N4-sponsored function or capability. However, from the time that DCNO (N4) accepted the sponsorship role and assigned a requirements officer, progress has been made on addressing the DON Objective for Safety. In addition, DCNO (N4) is collaborating with safety stakeholders across the Navy and Marine Corps on efforts to ensure that requirements are developed and documented.

Additionally, during our audit verification phase, the Space and Naval Warfare Systems Center Atlantic, in Norfolk, VA, submitted a rough order of magnitude funding estimate for the development of an Initial Capabilities Document and an analysis of alternatives. Also, DASN (Safety) was able to obtain the necessary funding, and contract work has begun for these initial efforts.

Conclusions

The RMIS acquisition was not efficient and effective. Specifically, we found that DON has not acted with a sufficient sense of urgency to get a DON-wide RMIS developed, acquired, and implemented. As a result, we found that the earliest time frame for a DON-wide RMIS to be fully developed, implemented, and deployed would be FY 2015, according to representatives from the NAVSAFECEN.

This situation occurred because key personnel involved in the acquisition of the system were not assigned to the project in a timely manner. For example, we found that the Program Management Office responsible for the acquisition of the system was not assigned until 1.5 years after RMIS was identified in the Secretary of the Navy's FY 2007 Objectives. Also, dedicated resource sponsorship for RMIS was not formally requested until more than 1.5 years after the DON FY 2007 Objective was issued; therefore, personnel such as the Resource Sponsor and Requirements Officer were not assigned until 2 years after the objective was issued. During our audit, the initial requirements document was established and an analysis of alternatives was initiated. DON needs to establish oversight and internal controls to ensure the acquisition of RMIS is efficient and effective.

Communication with Management. Throughout the audit, we kept DCNO (N4) and DASN (Safety) personnel informed of the conditions noted. Specifically, we met with the Director, Logistics, Planning, and Innovation Division from DCNO (N4) on 16 April 2009 to provide him with the results of our review, and held a teleconference with him on 14 May 2009 to further the discuss the results. We also corresponded with the Director, Aviation/Operation from DASN (Safety) on 8 May 2009 and shared with him the results of our review.

Federal Managers' Financial Integrity Act

The Federal Managers' Financial Integrity Act of 1982, as codified in Title 31, United States Code, requires each Federal agency head to annually certify the effectiveness of the agency's internal and accounting system controls. In our opinion, the problems identified in this report with the acquisition of a DON-wide RMIS may warrant reporting in the Auditor General's annual FMFIA memorandum identifying management control weaknesses to the Secretary of the Navy.

Corrective Actions

We recommend that ASN (I&E) establish a reporting process, internal management controls, and provide oversight to ensure the development, acquisition, and fielding of a DON-wide RMIS is completed in a timely manner and with the appropriate sense of urgency.

Additionally, we recommend that DCNO (N4) continue efforts to define requirements, analyze alternatives, and establish and use a plan of action and milestones to ensure timely completion of the acquisition of a DON-wide RMIS. Using these results, DCNO N4 should program required funding to complete the acquisition of a DON-wide RMIS using existing information technology, or determine if a new acquisition program is required.

5

Actions taken by Assistant Secretary of the Navy (ASN) (Installations and Environment) (I&E) meet the intent of Recommendation 1, and the recommendation is closed. Actions planned by Deputy Chief of Naval Operations (DCNO (N41)) meet the intent of Recommendation 2. This recommendation is considered open pending completion of the planned corrective actions.

Finding, Recommendations, and Corrective Actions

Finding: Acquisition of a Department of Navy-wide Risk Management Information System

Synopsis

The Department of the Navy (DON) has not effectively and efficiently acquired a DON-wide Risk Management Information System (RMIS), because DON has not acted with a sufficient sense of urgency to get RMIS developed, acquired, and implemented. Key personnel involved in the system acquisition were not assigned to the project in a timely manner. For example, we found that the responsible Program Management Office was not assigned until 1.5 years after a DON-wide RMIS was identified as a Secretary of the Navy Fiscal Year (FY) 2007 Objective. Also, dedicated resource sponsorship for RMIS was not formally requested until more than 1.5 years after the DON FY 2007 Objective was issued; as a result, personnel such as the Resource Sponsor and Requirements Officer were not assigned until 2 years after the DON FY 2007 objective was issued. We interviewed various stakeholders and reviewed documentation of a DON-wide RMIS acquisition in order to determine what actions have been performed to date. We found that a DON-wide RMIS was still at the pre-concept decision point and has not met the requirement to enter into the Department of Defense acquisition process. As a result, DON may not have a fully implemented Web-based DON-wide RMIS that will facilitate unit-level safety program management and provide aggregated reporting, analysis, and tracking of all reportable hazards and mishaps until at least FY 2015, according to representatives from the Naval Safety Center (NAVSAFECEN).

Discussion of Details

Background

Safety is a high priority of the Secretary of the Navy (SECNAV), Vice Chief of Naval Operations (VCNO), and the Assistant Commandant of the Marine Corps.

Each year, DON issues its objectives, which focus on key efforts needed to maintain a capable Navy and Marine Corps. SECNAV distributed a memorandum on 23 August 2006, detailing the DON objectives for FY 2007 and beyond. The

memorandum identified the need to "Deploy a DON-Wide web based RMIS that will facilitate unit-level safety program management and provide aggregate reporting, analysis and tracking of all reportable hazards and mishaps." In addition, the DON Objectives for FYs 2004 through 2006 included accomplishing a "reduction in mishaps…" RMIS was initially identified as a DON FY 2007 Objective, and remained as an FY 2008 Objective. The leads for accomplishing RMIS are the Assistant Secretary of the Navy (Installations and Environment) (ASN (I&E)), CNO, and Commandant of the Marine Corps. Furthermore, the DON's Safety Vision for 2009 and beyond represents an overarching framework for commands to implement, track, and refine unit level safety culture.

CNO and the Commandant of the Marine Corps issued the single policy directive, Office of the Chief of Naval Operations Instruction (OPNAVINST) 5102.1D on 7 January 2005, for mishap and safety investigation reporting and record keeping by all Navy and Marine Corps commands, activities, units, installations and facilities. The Web-Enabled Safety System (WESS) is a data system developed to allow submission of all recordable/reportable mishaps by electronic means. Developed by Commander, NAVSAFECEN, WESS provides a real-time data entry and retrieval system in a consolidated database. WESS does not directly interface with any other Navy information systems and no information systems auto populates information into WESS.

DON does not have a single online management information system employed to integrate and report all critical safety functional data such as: mishap/injury reporting, near-miss reporting, job hazard analysis, fire inspections/protection management, private motor vehicle management, safety inspections, industrial hygiene, trend analysis, and safety training. Currently, within DON, about 26 independent safety applications are used to meet their safety reporting needs. Also, DON is unable to accurately collect, analyze and consistently provide timely data related to reportable workplace/operational mishaps and hazards.

Pertinent Guidance

SECNAV Instruction 5000.2D, "Implementation and Operation of the Defense Acquisition System and the Joint Capabilities Integration and Development System," dated 16 October 2008, issues mandatory procedures for DON major and non-major defense acquisition programs, and major and non-major information technology acquisition programs. The provisions of this instruction apply to all DON organizations, all acquisition category (ACAT) programs, abbreviated acquisition programs, non-acquisition programs, and Rapid Deployment Capability programs. Specifically, the instruction states the following, which is relevant to the acquisition of DON-wide RMIS:

- Program sponsors are responsible for identifying Navy program requirements. The program sponsor, in coordination with the resource sponsor shall: establish user-based cost, schedule, and performance requirements and associated documents; program the funds necessary to develop and sustain programs that

satisfy capability needs; and ensure capability documents are reviewed by DON Functional Area Managers.

- Capability needs may be evolutionary in nature and become more refined as a result of analysis of alternatives (AOA) and test program updates as the program proceeds.

- Program sponsors shall apply the results of the AOA to identify performance parameters and potential system (s) that would satisfy the need.

- An Initial Capabilities Document (ICD) shall be approved prior to a concept decision. An ICD is required to support the concept refinement phase of the acquisition system, including the analysis of alternatives, the technology development strategy, and the subsequent Milestone A acquisition decision.

- An approved ICD and Capability Development Document or Capability Production Document is required before initiating an ACAT program.

- Abbreviated Acquisition Programs (AAPs) shall not be initiated without funding and a written requirement. As a minimum, requirements or capabilities shall be documented by a sponsor and approved at the appropriate level.

- ASN (Research Development and Acquisition (RD&A)) is the DON Component Acquisition Executive and is responsible for all DON research, development, and acquisition.

The category of an acquisition program shall generally be determined based upon an assessment of cost, complexity, and risk. A discussion of the different ACATs is contained in Exhibit C.

Audit Results

We found that the acquisition of RMIS was not effective and efficient because DON had not acted with a sufficient sense of urgency to get the RMIS developed, acquired, and implemented.

The acquisition of a DON-wide RMIS is important because DON does not have a single online management information system to integrate and report all critical safety functional data such as: mishap/injury reporting, near-miss reporting, job hazard analysis, fire inspections/protection management, private motor vehicle management, safety inspections, industrial hygiene, trend analysis, and safety training. Currently within DON, there are about 26 independent safety applications used to meet their safety reporting needs, but there is no corporate information system that brings all the DON

information together for use in performing analyses and making management decisions. Also, SECNAV identified the need to "Deploy a DON-Wide Web based RMIS that will facilitate unit-level safety program management and provide aggregate reporting, analysis and tracking of all reportable hazards and mishaps" as one of the Secretary's objectives for FY 2007 and beyond.

Despite its importance, we found the DON may not have a fully implemented web-based DON-wide RMIS that will facilitate unit-level safety program management and provide aggregated reporting, analysis and tracking of all reportable hazards and mishaps until at least FY 2015, according to representatives from NAVSAFECEN.

This situation occurred because DON did not act with a sufficient sense of urgency to develop, acquire, and implement a DON-wide RMIS. Key personnel involved in the acquisition of the system were not assigned to the project in a timely manner. For example, during our initial audit research, we found that the Program Management Office for the acquisition of the system was not assigned until 1.5 years after RMIS was identified as a SECNAV FY 2007 Objective. In addition, our subsequent review identified that dedicated resource sponsorship for RMIS was not formally requested until 1.5 years after the SECNAV FY 2007 Objective was issued; as a result, personnel such as the Resource Sponsor and Requirements Officer were not assigned until 2 years after the objective was issued.

Designation of Key Stakeholders

To determine if the acquisition of a DON-wide RMIS was efficient and effective, we contacted the key stakeholders involved during our initial audit research to determine the status of the program. We found that key stakeholders had been identified but, in some cases, the designations were not made in a timely manner. Exhibit B provides more detail on our Scope and Methodology. A discussion of each of the key stakeholders, their roles in the acquisition of RMIS, and the approximate date of their designation follows.

DCNO Fleet Readiness and Logistics (N4). DCNO (N4) was selected as the Resource Sponsor for the DON-wide RMIS acquisition on 22 October 2008. In fulfilling this responsibility, DCNO (N4) designated a Requirements Officer (DCNO (N402)) for the systems acquisition to provide oversight, budget, and facilitation for acquisition documents through the process. However, these key personnel were not identified for the DON-wide RMIS program until October 2008, which was after our audit research started in September 2008, and almost 2 years after the SECNAV FY 2007 Objective to "Deploy a DON-Wide Web based RMIS that will facilitate unit-level safety program management and provide aggregate reporting, analysis and tracking of all reportable hazards and mishaps" was issued.

U.S. Fleet Forces Command (USFFC). USFFC's role in the acquisition of a DON-wide RMIS is to develop fleet requirements. However, at the time of our review,

USFFC had not yet identified the fleet requirements. Instead, we were told that USFFC had only assisted in the prioritization of NAVSAFECEN draft requirements matrix. USFFC's involvement in the DON-wide RMIS acquisition began around March 2008.

Program Executive Office Command, Control, Communications, Computers and Intelligence (PEO C4I). PEO C4I assigned the responsibility of program management for a DON-wide RMIS to the Program Management Office, Warfare (PMW-150) on 10 March 2008, or approximately 1.5 years after the SECNAV FY 2007 Objective was issued. Even though PMW-150 had been designated as the Program Management Office and was responsible for the entire system life-cycle, contract work for the development of an ICD and the developing of an AOA had been subcontracted out to Space and Naval Warfare Systems Center (SSC) Atlantic.

NAVSAFECEN. NAVSAFECEN's role is to act as the Safety Management Portfolio Manager for a DON-wide RMIS and provide technical support. In February 2006, Deputy Assistant Secretary of the Navy for Safety (DASN (Safety)) requested an audit of the DON ergonomics program implementation across DON commands and installations. The audit was to include a review of the resources available for DON ergonomics program enhancements, as well as resource usage. The results of that audit were published in Naval Audit Service report N2007-0055, dated 21 September 2007. In response to one of the recommendations contained in that report, NAVSAFECEN stated they would provide a "DON-wide RMIS requirements document to stakeholders for review and approval" in January 2008. The audit team was unable to obtain the exact document provided; however, NAVSAFECEN did provide a high-level prioritization matrix dated June 2008, which we were told is a later version of the document.

NAVSAFECEN took an active lead role in the initial development of a DON-wide RMIS by convening frequent informal Integrated Product Team, or working group, meetings with potential stakeholders for the system during calendar year 2008. However, this group of potential stakeholders did not have a charter or a Program Management Office designation, which are commonly associated with Integrated Product Teams.

DASN (Safety). DASN (Safety) was delegated by ASN (I&E) to be the RMIS point of contact for implementation of SECNAV's 2007 and 2008 goal pertaining to the development of an RMIS. Additionally, DASN (Safety) requested that we perform this audit.

DCNO Warfare Requirements and Programs (Communication Networks Division for the fleet ashore and afloat) (N6NB). DCNO (N6NB) was brought into the DON-wide RMIS acquisition process in March 2009. Their role is to monitor DON-wide RMIS and offer recommendations to issues as they may arise in the development of requirements documents. DCNO (N6NB) will not have a proactive role until the DON-wide RMIS requirements documents have been agreed to by appropriate personnel,

and after it is determined that a requirement and need to field a new information technology system exists.

We also contacted the office of the ASN (RD&A), who is the Component Acquisition Executive, and the office of the DON Chief Information Officer (CIO). However, these offices stated that they had "little to no involvement" with a DON-wide RMIS acquisition to date because it was too early in the acquisition process.

Progress to Date

We interviewed various stakeholders and reviewed documentation of a DON-wide RMIS acquisition in order to determine what actions have been performed to date. We found a DON-wide RMIS was still at the pre-concept decision point and has not met the requirements to enter into the Department of Defense acquisition process.

During our initial review, which began in September 2008, we determined that although there had been studies of a DON-wide RMIS by private contractors in February 2007 and October 2007, DASN (Safety) indicated to us they did not find those studies to be useful. Additionally, we found that technical assessments of the Enterprise Safety Applications Management System and WESS (October 2008) were performed to begin the acquisition process for RMIS by identifying the capabilities of these two safety systems.

Despite these studies, we found that a formal requirements document did not exist, and the user community had yet to produce a Functional Needs Analysis, ICD, and AOA. Additionally, no Plan of Action existed to identify the DON-wide RMIS's cost, schedule, and performance metrics. The purpose of the AOA is to assess the potential materiel solutions to satisfy the capability need documented in the approved ICD. SECNAV Instruction 5000.2D states that "an ICD shall be approved prior to a concept decision." The same instruction also states that "the lowest acquisition category, designation "Abbreviated Acquisition Program" (AAP), shall not be initiated without funding and a written requirement. As a minimum, requirements or capabilities shall be documented by a sponsor and approved at the appropriate level."

In a memo dated 14 April 2008, ASN (I&E) requested DCNO (N4) sponsorship for a DON-wide RMIS. Additionally, the memo stated ASN (I&E)'s reasons why DCNO (N4) would be better positioned to sponsor a DON-wide RMIS rather than the Director of the Navy Staff. On 22 October 2008, the key DON-wide RMIS acquisition stakeholders met to establish roles and responsibilities related to a DON-wide RMIS acquisition, and to determine what actions were necessary to get the acquisition moving forward. At that meeting, it was agreed that there had not been a documented requirement for a DON-wide RMIS acquisition. As a result, DCNO (N4) was not sure if there was a program need to sponsor. It was also decided at the meeting that the next step in the process was for the Program Management Office (PMW-150) to pull together the requirement documents and an analysis of alternatives so that DCNO (N4) could

establish the needed resource sponsorship and to ensure that a valid requirement existed. However, prior to beginning work on the requirement documentation and analysis of alternatives, it was agreed that PMW-150 would produce a cost and schedule rough order of magnitude (ROM) for producing those key documents. It was also agreed that DASN (Safety) would seek sufficient funding to pay for the cost and schedule ROM.

We determined during subsequent research that the key stakeholders took action to develop a cost and schedule ROM identifying preliminary acquisition timelines for the development of the initial requirements documents and analysis of alternatives (12 December 2008). We also found during our audit verification phase that in January 2009, DASN (Safety) secured the necessary funding of $340,000 required to complete the initial requirement document and analysis of alternatives. After securing the necessary funding, ASN (I&E) awarded a contract through DASN (Safety) on 9 January 2009 to SSC Atlantic, and work began on the development of the initial requirements documents. Deliverable due dates for the ICD (requirements document) and AOA report were 1 May 2009 and 25 September 2009, respectively. We performed a subsequent review in June 2009 and found that DASN (Safety) had received the ICD (requirements document). The completion date for the AOA is 25 September 2009 per contract language.

We also determined that written planning and progress reports are to be provided by SSC Atlantic at the end of each month. However, at the time of our review in February 2009, DASN (Safety) had yet to receive the first monthly review (with a January 2009 deliverable date), and a report through the end of February 2009 was expected in the near future. We performed a subsequent review in March 2009 and found that DASN (Safety) had received the February 2009 monthly review.

Based upon the limited progress that has occurred with a DON-wide RMIS acquisition over the past few years, it now appears that DON may not have a fully implemented, web-based DON-wide RMIS that will facilitate unit level safety program management and provide aggregated reporting, analysis and tracking of all reportable hazards and mishaps until at least FY 2015, according to representatives from NAVSAFECEN.

Recommendations and Corrective Actions

The Assistant Secretary of the Navy (Installations and Environment) responded to Recommendation 1, and the Deputy Chief of Naval Operations (N4) responded to Recommendation 2. Summaries of the management responses and our comments are below. The full text of the management responses is in the Appendices.

We recommend that ASN (I&E):

Recommendation 1. Establish a reporting process and internal management controls, and provide oversight to ensure the development, acquisition, and fielding of a DON-wide RMIS is completed in a timely manner and with the appropriate sense of urgency.

Management response to Recommendation 1. DASN (Safety) has coordinated with N4 Resource Sponsor, PMW-150 Program Manager and other primary RMIS stakeholders and as of August 7, 2009 has accomplished the following:

a. Expedited primary stakeholder review of draft Initial Capabilities Document (ICD) and routed final to N4 for their review and forwarding to N81 for consideration by the Navy Capabilities Board.

b. Established requirement for a monthly N4 RMIS Acquisition Progress Report and development of a POA&M to track actions completed and upcoming actions required, including action office, and suspense date.

c. Established requirement for PMW-150/SPAWAR System Center Atlantic to coordinate and conduct a bi-weekly teleconference with DASN (Safety), primary RMIS stakeholders and selected Fleet subject matter experts. The teleconference will include Program Office updates regarding progress in drafting required RMIS JCIDS documents, outlining additional stakeholder requirements, and identifying progress toward meeting upcoming program/milestone reviews.

d. Established a process whereby a DASN (Safety) representative will attend all future meetings and discussions between N40 and N81 regarding RMIS Program development.

Naval Audit Service comments on response to Recommendation 1.
Planned actions by management meet the intent of the recommendation. This recommendation is considered closed.

We recommend that DCNO (N4):

Recommendation 2. Continue efforts to define requirements, analyze alternatives, and establish and use a plan of action and milestones to ensure timely completion of the acquisition of a DON-wide RMIS. Using these results, DCNO (N4) should program required funding to complete the acquisition of a DON-wide RMIS using existing information technology, or determine if a new acquisition program is required.

Management response to Recommendation 2. Concur. OPNAV (N4) will continue to lead the effort to define requirements, analyze alternatives, and establish and use a plan of action and milestones to ensure timely completion of a solution that appropriately addresses the DON Safety objective. Beginning with our initial engagement with this initiative in October 2008, we have actively coordinated across the safety community's functional stakeholders to facilitate document creation and routing in accordance with the acquisition process. From the time that we did accept the sponsorship role and assigned a requirements officer, there has been significant progress on addressing the DON safety objective. OPNAV (N4) has collaborated effectively with safety community stakeholders across the Navy and Marine Corps on efforts to ensure that requirements are documented and that the information needs for an RMIS system are clearly understood. We have encouraged the safety community to think carefully about the type of capability gaps that they are experiencing, and the most effective ways of addressing these gaps, with a focus on non-materiel solutions. We fully support OSD, SECNAV, and OPNAV efforts to approach information technology investment strategically, and have pressed the safety community to consider a variety of means to meet stated requirements and fill capability gaps as opposed to making a sole assumption that the solution will be a new IT program. We have also included a POA&M with our response (see Appendix 2). The target completion date is 31 May 2010.

Naval Audit Service comments on response to Recommendation 2. Planned actions by management meet the intent of the recommendation. The management response included two interim target dates, 30 September 2009 and 31 January 2010. This recommendation is considered open pending completion of planned actions.

Section B:
Status of Recommendations

			Recommendations				
Finding[1]	Rec. No.	Page No.	Subject	Status[2]	Action Command	Target or Actual Completion Date	Interim Target Completion Date[3]
1	1	13	Establish a reporting process and internal management controls, and provide oversight to ensure the development, acquisition, and fielding of a DON-wide RMIS is completed in a timely manner and with the appropriate sense of urgency.	C	ASN (I&E)	8/7/09	
1	2	14	Continue efforts to define requirements, analyze alternatives, and establish and use a plan of action and milestones to ensure timely completion of the acquisition of a DON-wide RMIS. Using these results, DCNO (N4) should program required funding to complete the acquisition of a DON-wide RMIS using existing information technology, or determine if a new acquisition program is required.	O	DCNO (N4)	5/31/10	1/31/10

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[1] / + = Indicates repeat finding.
[2] / O = Recommendation is open with agreed-to corrective actions; C = Recommendation is closed with all action completed; U = Recommendation is undecided with resolution efforts in progress.
[3] If applicable.

We conducted this audit of the acquisition of the Risk Management Information System (RMIS) from 17 September 2008 to 17 July 2009. Our review covered transactions subsequent to the announcement of the Secretary of the Navy's Fiscal Year 2007 Objective issued 23 August 2006. We met with, or contacted, key individuals during our initial research phase to obtain background information about a Department of the Navy (DON)-wide RMIS and the status of its acquisition process. These contacts included personnel from: the Deputy Assistant Secretary of the Navy (DASN) (Safety), Deputy Chief of Naval Operations (DCNO) (N4), U.S. Fleet Forces Command (USFFC), Program Executive Office (PEO) C4I, Program Management Office, Warfare (PMW-150), and Naval Safety Center (NAVSAFECEN). We performed a subsequent research review phase, in which we contacted cognizant DASN (Safety) and PMW-150 personnel to determine if cost and schedule identifying a preliminary timeline had been completed, and required funding to complete the requirement documents and Analysis of Alternatives had been secured.

In addition, during our audit verification phase we contacted NAVSAFECEN to determine the requirement documents and stakeholders in reference to Naval Audit Service audit report N2007-0055's Recommendation 3, and DASN (Safety) personnel to determine if work started to complete the requirement documents.

We interviewed cognizant ASNs (Research, Development, and Acquisition (RD&A) and Installations and Environment (I&E)) personnel to determine what actions have been performed for the acquisition process to date. We interviewed cognizant CNO personnel identified as having Resource Sponsor and Requirements Officer responsibilities. We interviewed cognizant DASN (Safety) personnel to determine their roles and responsibilities in the acquisition of RMIS. We compared the status of a DON-wide RMIS with the criteria relating to Department of Defense acquisition framework as outlined in Secretary of the Navy Instruction 5000.2D.

During our audit research phase, we contacted personnel from DCNO (N6) and the Department of the Navy Chief Information Officer regarding any efforts made on their behalf. We determined CNO, ASN (I&E), ASN (RD&A), and Commandant of the Marine Corps accomplished, ongoing, and planned initiatives for emphasizing safety, reducing mishaps, and implementing RMIS. We determined if previous DON-wide RMIS studies and assessments were useful in the development of initial requirement documents and Analysis of Alternatives. We also evaluated internal controls and reviewed compliance with regulations.

There were no previous audits of DON's RMIS acquisition during the last 5 years by the Naval Audit Service, Department of Defense Inspector General, or Government Accountability Office, so there was no need to perform audit followup.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We reviewed the DON procedures for acquiring Information Technology acquisition programs contained in Secretary of the Navy Instruction 5000.2D, "Implementation and Operation of the Defense Acquisition System and the Joint Capabilities Integration and Development System." We also reviewed the acquisition life cycle and determined which steps had been completed and any potential milestone dates for the completion of key documents (e.g., Initial Capabilities Document).

We reviewed DON procedures for the acquisition of system safety programs contained in Chief of Naval Operations Instruction 5100.24B, "Navy Safety System Program Policy." We also reviewed the participation in program decisions, and determined what system safety advice, support, and/or assistance was provided.

We reviewed Department of Defense Instruction 5000.01, "The Defense Acquisition System," which provides management principles and mandatory policies and procedures for managing all acquisition programs. We also reviewed Department of Defense Instruction 5000.02, "Operation of the Defense Acquisition System," which "establishes a simplified and flexible management framework for translating capability needs and technology opportunities, based on approved capability needs, into stable, affordable, and well-managed acquisition programs that include weapon systems, services, and automated information systems (AISs)."

Activities Visited and/or Contacted

During our audit, the following activities were visited and/or contacted:

* Chief of Naval Operations (N4), Arlington, VA

Program Management Office, Warfare 150 (PMW-150), San Diego, CA

Space and Naval Warfare Systems Command Systems Center Atlantic, Norfolk, VA

* Deputy Assistant Secretary of the Navy (Safety) (DASN (S)), Arlington, VA

* Naval Safety Center, Norfolk, VA

* United States Fleet Forces Command, Norfolk, VA

Chief of Naval Operations (N6), Arlington, VA

Department of the Navy Chief Information Officer, Arlington, VA

Assistant Secretary of the Navy (Research, Development, and Acquisition), Arlington, VA

* Activities visited

Acquisition Category (ACAT) Descriptions	
Acquisition Category	**Criteria for ACAT or AAP Designation**
ACAT I	Major Defense Acquisition Programs (MDAPs) Research, Development, Test, & Evaluation (RDT&E) total expenditure > $365 million Procurement total expenditure > $2.190 billion Milestone Decision Authority (MDA) designation as special interest
ACAT IA	Major Automated information Systems (MAISs) Program cost/years > $32 million Total program costs > $126 million Total life-cycle costs > $378 million MDA designation as special interest
ACAT II	Does not meet the criteria for ACAT I RDT&E total expenditure > $140 million Procurement total expenditure > $660 million Assistant Secretary of the Navy (Research, Development, and Acquisition) (ASN (RD&A)) designation as special interest Not applicable to Information Technology (IT) system programs
ACAT III	Does not meet the criteria for ACAT II or above Weapon system program w/ RDT&E total expenditure ≤ $140 million Weapon system program w/ procurement total expenditure ≤ $660 million IT system program w/ program cost/year ≥ $15 million ≤ $32 million IT system program w/ total program costs ≥ $30 million ≤ $126 million IT system program w/ total life-cycle costs ≤ $378 million

Acquisition Category (ACAT) Descriptions	
Acquisition Category	**Criteria for ACAT or AAP Designation**
ACAT IVT	Does not meet the criteria for ACAT III or above
	Requires operation test and evaluation
	Weapon system program w/ RDT&E total expenditure ≤ $140 million
	Weapon system program w/ procurement total expenditure ≤ $660 million
	IT system program w/ program cost/year <$15 million or
	IT system program w/ total program costs <$30 million or
	IT system program w/ total life-cycle costs ≤ $378 million in FY 2000 constant dollars
ACAT IVM	Does not meet the criteria for ACAT III or above
	Does not require operation test and evaluation as concurred with by Operational Test Agency (OTA)
	Weapon system program w/ RDT&E total expenditure ≥ $10 million ≤ $140 million or
	Weapon system program w/ procurement total expenditure ≥ $25 million/year, ≥ $50 million total ≤ $660 million total in FY 2000 constant dollars
	Not applicable to IT system programs
Abbreviated Acquisition Program	Does not meet the criteria for ACAT IV or above
	Does not require operation test and evaluation as concurred with by OTA
	Weapon system programs w/ development total expenditure < $10 million, and
	Weapon system program w/ procurement or service expenditure < $25 million/year, < $50 million total
	IT system program w/ program costs/year < $15 million, and
	IT system program w/ total program costs < $30 million

Exhibit D:
Acronyms

AAP – Abbreviated Acquisition Program

ACAT – Acquisition Category

AOA – Analysis of Alternatives

ASN (I&E) – Assistant Secretary of the Navy (Installations and Environment)

ASN (RD&A) – Assistant Secretary of the Navy (Research, Development and Acquisition)

CIO – Chief Information Officer

CNO – Chief of Naval Operations

DASN (Safety) – Deputy Assistant Secretary of the Navy for Safety

DCNO – Deputy Chief of Naval Operations

DON – Department of the Navy

FMFIA – Federal Managers' Financial Integrity Act

FY – Fiscal Year

ICD – Initial Capabilities Document

MDA – Milestone Decision Authority

MDAP – Major Defense Acquisition Program

NAVSAFECEN – Naval Safety Center

OPNAV – Office of the Chief of Naval Operations

OTA – Operational Test Agency

PEO C4I – Program Executive Officer, Command, Control, Communications, Computers and Intelligence

PMW – Program Management Office, Warfare

RMIS – Risk Management Information System

ROM – Rough Order of Magnitude

SECNAV – Secretary of the Navy

SPAWAR – Space and Naval Warfare Systems Command

SSC – SPAWAR Systems Center

USFFC – United States Fleet Forces Command

Appendix 1:
Management Response from the Assistant Secretary of the Navy (Installations and Environment)

DEPARTMENT OF THE NAVY
THE ASSISTANT SECRETARY OF THE NAVY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

AUG 12 2009

MEMORANDUM FOR ASSISTANT AUDITOR GENERAL (INSTALLATIONS AND
ENVIRONMENT AUDITS)

SUBJECT: Risk Management Information System Acquisition (Draft Audit Report
N2009-NIA000-0066.000)

My office has reviewed the subject draft audit report, and concurs with the recommendation provided. DASN (Safety) recently met with Mr. Tamburrino (N4B) and has completed the oversight actions outlined in the attached plan. DASN (Safety) will continue to coordinate with N4B, PMW-150 and other Risk Management Information System (RMIS) stakeholders to monitor the progress of the RMIS acquisition process.

As your report states, DASN (Safety) initially requested that the Naval Audit Service perform the subject audit to obtain an independent assessment of RMIS acquisition progress to date and to receive actionable recommendations to ensure the program proceeds in a expeditious manner.

Thank you and your audit team for conducting a thorough and professional assessment of the ongoing RMIS acquisition. I am confident that your audit, along with the actions initiated by both DASN (Safety) and N4, will provide the requisite visibility and stimulus to ensure this critical program proceeds through the acquisition process with a renewed sense of urgency.

Information contained in the subject audit report and this memorandum is deemed releasable in accordance with Freedom of Information Act (FOIA) policy. ASN (I&E) point of contact is ▄▄▄▄▄▄▄▄, ODASN (Safety), ▄▄▄▄▄▄▄, or ▄▄▄▄▄▄▄.

FOIA (b)(6)

FOIA (b)(6)

Attachment:
As stated

Risk Management Information System (RMIS) Acquisition
(Draft Audit Report N2009-NIA000-0066.000)

ASN (I&E) / DASN (Safety) Action Plan

The subject draft audit report recommended ASN (I&E) accomplish the following action:

Recommendation 1: "Establish a reporting process and internal management controls, and provide oversight to ensure the development, acquisition and fielding of a DON-wide RMIS is completed in a timely manner and with the appropriate sense of urgency."

Concur with Recommendation 1. DASN (Safety) has coordinated with N4 Resource Sponsor, PMW-150 Program Manager and other primary RMIS stakeholders and as of August 7, 2009 has accomplished the following:

a. Expedited primary stakeholder review of draft Initial Capabilities Document (ICD) and routed final to N4 for their review and forwarding to N81 for consideration by the Navy Capabilities Board.

b. Established requirement for a monthly N4 RMIS Acquisition Progress Report and development of a POA&M to track actions completed and upcoming actions required, including action office, and suspense date.

c. Established requirement for PMW-150/SPAWAR System Center Atlantic to coordinate and conduct a bi-weekly teleconference with DASN (Safety), primary RMIS stakeholders and selected Fleet subject matter experts. The teleconference will include Program Office updates regarding progress in drafting required RMIS JCIDS documents, outlining additional stakeholder requirements, and identifying progress toward meeting upcoming program/milestone reviews.

d. Established a process whereby a DASN (Safety) representative will attend all future meetings and discussions between N40 and N81 regarding RMIS Program development.

DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
2000 NAVY PENTAGON
WASHINGTON, DC 20350-2000

IN REPLY REFER TO

7510
Ser N40/9U158012
19 AUG 09

From: Director, Navy Logistics Planning and Innovation Division
To: Auditor General of the Navy, Naval Audit Service

Subj: RISK MANAGEMENT INFORMATION SYSTEM ACQUISITION (DRAFT AUDIT REPORT N2009-NIA000-0066.000)

Ref: (a) NAVAUDSVC memo 7510/N2009-NIA000-0066.000 of 17 Jul 09

1. This office reviewed reference (a) and concurs with the recommendation provided in the report. OPNAV N40 will work with stakeholders to accomplish the specific recommendation as follows:

Recommendation 2: Concur. OPNAV (N4) will continue to lead the effort to define requirements, analyze alternatives, and establish and use a plan of action and milestones to ensure timely completion of a solution that appropriately addresses the DON Safety objective. Beginning with our initial engagement with this initiative in October 2008, we have actively coordinated across the safety community's functional stakeholders to facilitate document creation and routing in accordance with the acquisition process.

This audit recognizes that OPNAV (N4) did not accept a resource sponsor role for the risk management information system initiative until October 2008. From the time that we did accept the sponsorship role and assigned a requirements officer, there has been significant progress on addressing the DON safety objective. OPNAV (N4) has collaborated effectively with safety community stakeholders across the Navy and Marine Corps on efforts to ensure that requirements are documented and that the information needs for an RMIS system are clearly understood. We have encouraged the safety community to think carefully about the type of capability gaps that they are experiencing, and the most effective ways of addressing these gaps, with a focus on non-materiel solutions. We fully support OSD, SECNAV, and OPNAV efforts to approach information technology investment strategically, and have pressed the safety community to consider a variety of means to meet stated requirements and fill

Subj: RISK MANAGEMENT INFORMATION SYSTEM ACQUISITION (DRAFT
       AUDIT REPORT N2009-NIA000-0066.000)

capability gaps as opposed to making a sole assumption that the
solution will be a new IT program.

2. Our Plan of Action and Milestones for the acquisition of a
Risk Management Information System (provided it is determined
that a materiel solution is required) will be as follows. Given
this timeline is based on draft OPNAV N8 POM-12 guidance, the
status report dates are subject to change based on follow-on
OSD/Navy POM-12 guidance:

Date (NLT)	Event
30 September 09	-Status Report submission to NAVAUDSVC -Acquisition documentation routing (if required)
30 November 09	-Initial Programming and Fiscal Guidance (FRAGORD) promulgated -Status Report submission to NAVAUDSVC
31 January 10	-Status Report submission to NAVAUDSVC
31 March 10	-Final Sponsor Program Proposals in PBIS Database -Status Report submission to NAVAUDSVC
31 May 10	-Due Date - Final Status Report to NAVAUDSVC

3. Information contained in this report is releasable in
accordance with the Freedom of Information Act (FOIA) policy.

4. OPNAV point of contact is ███████████████, N402,
███████████, e-mail: ███████████████████.   FOIA (b)(6)

███████████████████   FOIA (b)(6)
███████████

Copy to:
DASN (Safety)

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